

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07
NSC-05 EPG-02 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 L-03 H-01 NEA-10 IO-13 PA-01 PRS-01
AGRE-00 /105 W

-----130932Z 095469 /12

P 130755Z MAY 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9705

INFO AMEMBASSY BANGKOK PRIORITY

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 8/13/77

TAGS: EAID, EFIN, TH

SUBJECT: PROPOSED ADB TECHNICAL ASSISTANCE TO THAILAND FOR
INTEGRATED RURAL DEVELOPMENT PROJECT

SUMMARY: ADB MANAGEMENT PROPOSES \$97,000 TECHNICAL ASSISTANCE
GRANT TO GOVT OF THAILAND FOR FORMULATION OF AN INTEGRATED
RURAL DEVELOPMENT PROJECT IN THREE NORTHERN PROVINCES, TO BE
IMPLEMENTED BY FAO INVESTMENT CENTER UNDER EXISTING COST
SHARING ARRANGEMENTS. USADB SUPPORTS PROPOSAL. END SUMMARY.

1. ADB DOC. R48-77 DESCRIBING PROPOSED TECHNICAL ASSISTANCE
(TA) GRANT POUCHES ADDRESSEES ON MAY 12. BOARD CONSIDERATION
SCHEDULED FOR MAY 31.

2. AGRICULTURAL OUTPUT IN THAILAND HAS GROWN AT ABOUT FOUR
PERCENT ANNUALLY OVER PAST DECADE, PRIMARILY DUE TO EXPANSION
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OF CULTIVATED AREA. HOWEVER, SINCE ADDITIONAL NEW AREAS FOR
CULTIVATION ARE NOW LIMITED, FURTHER GROWTH WILL DEPEND
MAINLY ON INCREASED PRODUCTIVITY. IRRIGATED AREAS HAVE
GOOD POTENTIAL FOR INCREASED YIELDS THROUGH EXPANDED
DOUBLE-CROPPING AND MORE INTENSIVE USE OF FERTIL-
IZER. HOWEVER, MORE ATTENTION WILL HAVE TO BE PAID TO
RAINFED AGRICULTURE, WHICH ACCOUNTS FOR 80 PERCENT OF

CULTIVATED AREA, AND TO COUNTRY'S LESS-DEVELOPED NORTHERN, NORTHEASTERN AND SOUTHERN REGIONS.

3. INCREASED AGRICULTURAL PRODUCTIVITY WILL DEPEND TO LARGE EXTENT ON DEVELOPMENT OF EFFECTIVE INSTITUTIONS TO PROVIDE CREDIT AND TO PROMOTE WIDESPREAD USE OF IMPROVED SEEDS AND FERTILIZERS. AT PRESENT, AGRICULTURAL RESEARCH IS WIDELY SPREAD AND LACKS COORDINATION; EXTENSION SERVICES ARE GENERALLY INADEQUATE AND THERE IS LACK OF LIAISON WITH RESEARCH; SEED PRODUCTION FACILITIES ARE TOO CENTRALIZED AND INADEQUATE TO MEET NEEDS OF FARMERS; AND THERE APPEARS NEED FOR MORE USE OF COOPERATIVES AND FARMER GROUPS IN FERTILIZER DISTRIBUTION AND MARKETING AND IN PRODUCT PROCESSING AND MARKETING.

4. IBRD \$28 MILLION LOAN FOR NATIONAL AGRICULTURAL EXTENSION PROJECT, APPROVED EARLY IN 1977, SHOULD GO FAR TOWARD STRENGTHENING DEPARTMENT OF AGRICULTURAL EXTENSION (DAE) AND, THROUGH DAE, EXTENSION SERVICES IN GENERAL. IBRD, THROUGH ITS LOAN, HAS TAKEN CARE TO ENSURE THAT EXTENSION ACTIVITIES OF DAE ARE COORDINATED WITH RELATED PROGRAMS OF OTHER AGENCIES, INCLUDING PROPOSED TA.

5. MAIN CATALYST FOR RURAL DEVELOPMENT IN THAILAND IS ACCELERATED RURAL DEVELOPMENT DEPARTMENT (ARD) OF MINISTRY OF INTERIOR. BANK, IN 1969-71, PROVIDED ARD \$205,000 TA GRANT TO INTRODUCE PROGRAMS OF PRODUCTION LIMITED OFFICIAL USE

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ORIENTED ACTIVITIES INTO RURAL AREAS. USING INTEGRATED DEVELOPMENT APPROACH, ARD HAS TO DATE CONCENTRATED ON DEVELOPMENT OF MORE REMOTE AND LESS-DEVELOPED AREAS, BUT WITH LONG-TERM GOAL OF COVERING DEVELOPMENT OF ALL RURAL AREAS. WITH AID OF SOME \$76 MILLION IN EXTERNAL FINANCIAL SUPPORT (U.S., \$60.4; IBRD, \$12.7; AUSTRALIA, \$2.4; OTHERS, INCLUDING ADB, \$0.5), ARD HAS ACHIEVED CREDITABLE RECORD IN RURAL DEVELOPMENT IN 37 PROVINCES. PROPOSED PROJECT, WHICH ACCORDS WITH ARD'S DEVELOPMENT APPROACH, WAS EXAMINED BY BANK FACT-FINDING MISSION IN JANUARY-FEBRUARY 1977. PROJECT WAS FOUND SUITABLE FOR BANK'S FURTHER CONSIDERATION, BUT MISSION FELT THAT TA WOULD BE REQUIRED TO PREPARE IT FOR POSSIBLE FUTURE LOAN FROM BANK.

6. PROPOSED PROJECT AREA IS IN PROVINCES OF NAKHON SAWAN, PHICHIT, AND KAMPHAENG PHET IN SOUTHERN PART OF THAILAND'S NORTHERN REGION. LAND AREA IS 1.2 MILLION HA. OF MOSTLY FLAT LAND OF WHICH 92 PERCENT IS

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AGRE-00 /095 W

-----130931Z 095989 /11

P 130755Z MAY 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9706

INFO AMEMBASSY BANGKOK PRIORITY

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FOR NAC AGENCIES

CULTIVATED UNDER CEREALS, LEGUMES, KENAF, SUGAR CANE AND
ROOT CROPS. PADDY YIELDS AVERAGE ABOUT 1.8 HA./M.T.
UNDER RAINFED CONDITIONS WITH VIRTUALLY NO FERTILIZER
INPUT AND LITTLE DOUBLE-CROPPING. POTENTIAL YIELD,
STILL UNDER RAINFED CONDITIONS BUT WITH USE OF IMPROVED
SEEDS AND FERTILIZERS, IS ESTIMATED AT 2.5 HA./M.T.
POPULATION OF AREA IS 1.95 MILLION. MOST FARMERS OWN
THEIR LAND WITH MAJORITY OF FARMS IN 4-7 HA. RANGE.
MAIN CONSTRAINT TO HIGHER YIELDS APPEAR TO BE LACK OF
HIGH YIELDING VARIETIES AND FERTILIZERS, DIFFICULTIES
IN OBTAINING CREDIT, MARKETING PROBLEMS, AND SHORTAGE
OF AGRICULTURAL MACHINERY. LATTER IS OF PARTICULAR
IMPORTANCE SINCE NATURE OF AREA IS SUCH THAT DOUBLE-
CROPPING IS POSSIBLE ONLY WITH MEACHNIZATION.

7. COMPONENTS OF POSSIBLE FUTURE PROJECT, TO BE FOR-
MULATED BY PROPOSED TA, ARE EXPECTED BE AS FOLLOWS:
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- (A) PROVISION OF RURAL INFRASTRUCTURE, COMPRISING FEEDER AND VILLAGE ROADS, DOMESTIC WATER SUPPLY AND (ON SELECTIVE BASIS) ELECTRIFICATION;
- (B) LAND IMPROVEMENTS, SUCH AS LAND LEVELLING, REMOVAL OF FLOOD HAZARDS, IMPROVEMENT OF DRAINAGE, AND REHABILITATION OF MINOR IRRIGATION SYSTEMS;
- (C) ESTABLISHMENT OF PROVINCIAL AGRICULTURAL FARMS, PRIMARILY TO PROVIDE QUALITY SEED;
- (D) IMPROVEMENT OF AGRICULTURAL EXTENSION, TO BE CARRIED OUT IN COLLABORATION WITH ON-GOING IBRD PROJECT (PARA. 4);
- (E) PROVISION OF TRACTORS AND FARM EQUIPMENT;
- (F) IMPROVEMENT AND EXPANSION OF AGRICULTURAL PROCESSING AND MARKETING FACILITIES;
- (G) ESTABLISHMENT OF FARMER SERVICE CENTERS AND PROMOTION OF AGRICULTURAL CREDIT AND COOPERATIVES;
- (H) ESTABLISHMENT OF EDUCATION AND TRAINING FACILITIES;
- (I) PROVISION OF MEDICAL AND HEALTH SERVICES AND FACILITIES;
- (J) ESTABLISHMENT OF A PROJECT PREPARATION UNIT WITHIN ARD.

8. OBJECTIVE OF PROPOSED TA IS TO EXAMINE GOVT'S PROPOSAL AND PREPARE SUITABLE PROJECT FOR POSSIBLE FUTURE BANK FINANCING. PROJECT WILL BE FORMULATED TAKING INTO ACCOUNT SOCIAL, TECHNICAL, ECONOMIC/FINANCIAL AND INSTITUTIONAL ASPECTS. TA WILL REQUIRE 21 MAN-MONTHS OF CONSULTANT SERVICES WITH EXPERTISE IN AREAS OF AGRICULTURAL ECONOMICS, AGRONOMY, FARM PLANNING, CIVIL ENGINEERING, PRODUCT PROCESSING, INSTITUTIONS, EDUCATION AND EXTENSION. IN VIEW OF THEIR EXTENSIVE EXPERIENCE IN THAILAND, THE UNITED NATIONS FOOD AND AGRICULTURE ORGANIZATION'S (FAO) INVESTMENT CENTER WOULD UNDERTAKE THE STUDY UNDER EXISTING COST SHARING ARRANGEMENTS BETWEEN FAO AND BANK. ESTIMATED TOTAL COST LIMITED OFFICIAL USE

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OF TA IS \$168,300, OF WHICH \$148,300 FOREX. BANK WOULD FINANCE \$97,500 OF FOREX COSTS. ARD HAS AGREED TO COVER LOCAL CURRENCY COSTS ESTIMATED AT \$20,000. ESTIMATED COST OF POSSIBLE FUTURE LOAN PROJECT, TO WHICH BANK NOT COMMITTED AT THIS TIME, IS \$35 MILLION, OF WHICH \$25 MILLION FOREX.

9. ARD, EXECUTING AGENCY FOR TA, WAS ESTABLISHED IN 1966 WITH MAIN FUNCTION OF PROMOTING RURAL DEVELOPMENT IN THAILAND. IT IS ONE OF LARGEST GOVT DEPARTMENTS WITH STAFF OF 8,400 AND OPERATIONS COVERING 42 PROVINCES. ORGANIZATIONALLY, IT IS DIVIDED INTO THREE

DIVISINS - ADMINISTRATION, ENGINEERING, AND DEVELOPMENT - EACH CONSISTING OF NUMBER OF SUB-DIVISIONS WITH SPECIFIC FUNCTIONS AND RESPONSIBILITIES. AS NOTED PARA. 5, IT HAS COMPILED CREDITABLE RECORD OF ACHIEVEMENT IN AREA OF RURAL DEVELOPMENT. ARD HAS EXPERIENCED, ENTHUSIASTIC STAFF, EAGER TO UNDERTAKE DEVELOPMENT WORK AS PROPOSED IN THIS PROJECT.

10. PROJECT TO BE FORMULATED BY PROPOSED TA WOULD RESULT IN 30-50 PERCENT INCREASE IN CROP YIELDS IN AFFECTED AREA, THEREBY CONTRIBUTING CONSIDERABLY TO INCREASED FARM INCOMES, AND WOULD PROVIDE CONSIDERABLE SOCIAL BENEFITS IN FORM OF BETTER EDUCATION AND HEALTH SERVICES AND GENERALLY IMPROVED QUALITY OF LIFE. USADB SUPPORTS PROPOSED TA AND RECOMMENDS FAVORABLE NAC ACTION.

1.REQUEST AMEMBASSY BANGKOK COMMENTS FOR NAC AGENCIES, INF USADB MANILA, PURSUANT TO STATE 1197795 DATED 3 JULY 1972. STULL

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Message Attributes

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Sent Date: 13-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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